



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB3553

Introduced 2/14/2014, by Sen. Michael W. Frerichs

SYNOPSIS AS INTRODUCED:

110 ILCS 73/10
110 ILCS 73/15
110 ILCS 73/30
110 ILCS 73/90

Amends the State University Certificates of Participation Act. Provides that the board of trustees of a State university has the power to enter into financing agreements in connection with the financing or refinancing (instead of just the financing) of capital improvements by selling certificates of participation in the installment payments made under such financing agreements; makes a related change. Provides that a State university must present to the Commission on Government Forecasting and Accountability information on the amount being financed or refinanced (instead of just financed), the nature of the project being financed or refinanced (instead of just financed), and the status of all currently outstanding (instead of currently issued) certificates of participation. Sets forth the maximum annual debt service amount for a State university's total outstanding (instead of total) certificate of participation obligation. Provides that the Act applies until December 31, 2024 (instead of December 31, 2014); makes a related change. Effective immediately.

LRB098 18623 NHT 53764 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning education.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The State University Certificates of
5 Participation Act is amended by changing Sections 10, 15, 30,
6 and 90 as follows:

7 (110 ILCS 73/10)

8 Sec. 10. Certificates of participation.

9 (a) The power of the Board of any State University to enter
10 into contracts includes the power to enter into financing
11 agreements in connection with the financing or refinancing of
12 capital improvements (including technology or other related
13 improvements) by selling certificates of participation in the
14 installment payments made under such financing agreements.
15 Such financing agreements may be entered into for any period of
16 time less than or equal to 30 years, but not to exceed the
17 useful life of the capital improvement. Nothing in this Act
18 authorizes the Board of any State University to incur "State
19 debt" as that term is defined in subsection (a) of Section 9 of
20 Article IX of the Illinois Constitution of 1970. This
21 subsection (a) is declaratory of existing law.

22 (b) Upon determination by the Board of a State University
23 to undertake a transaction for the sale of certificates of

1 participation and enter into related financing agreements in
2 connection with the financing or refinancing of capital
3 improvements, the Board shall adopt a resolution or resolutions
4 describing in a general way the contemplated facilities or a
5 combination thereof designated as the project, the estimated
6 cost thereof, and any additional relevant information.

7 (Source: P.A. 96-15, eff. 6-22-09.)

8 (110 ILCS 73/15)

9 Sec. 15. Accountability and review of proposed certificate
10 issuance. Before issuance of any certificate of participation,
11 a State University shall appear before the Commission and
12 present the details of the proposal. This presentation shall
13 include such information as the Commission may request in
14 relation to the proposed certificate of participation
15 issuance. This information shall include, but is not limited
16 to, the amount being financed or refinanced, the nature of the
17 project being financed or refinanced, the proposed funding
18 stream to pay for the certificate issuance, the current
19 outstanding indebtedness of the State University, and the
20 status of all currently outstanding ~~issued~~ certificates of
21 participation.

22 Upon receipt of a request by a State University for a
23 certificate of participation presentation, the Commission
24 shall hold a public hearing and, upon adoption by a vote of the
25 majority of appointed members, issue a record of findings in

1 regards to the issuance of the certificate within 60 days after
2 the request.

3 As part of the Commission's considerations and findings,
4 the Commission shall consider the effect the issuance of a
5 certificate of participation shall have on the State
6 University's annual debt service and overall fiscal condition.

7 Within the Commission's findings shall be a statement in
8 which the Commission makes a recommendation to the State
9 University as to proceeding with the certificate issuance. The
10 recommendation shall be either (i) "favorably recommended",
11 (ii) "recommended with concerns", or (iii) "non-support of
12 issuance".

13 The Commission shall report the findings within 15 days
14 after the hearing to all of the following:

- 15 (1) The Speaker of the House of Representatives.
- 16 (2) The Minority Leader of the House of
17 Representatives.
- 18 (3) The President of the Senate.
- 19 (4) The Minority Leader of the Senate.
- 20 (5) The Governor's Office of Management and Budget.
- 21 (6) The President of the State University that had
22 requested the certificate presentation.

23 Upon a finding of "non-support of issuance", a State
24 University may not proceed with the issuance of the certificate
25 involved in the finding without the approval of the General
26 Assembly through the adoption of a joint resolution.

1 (Source: P.A. 96-15, eff. 6-22-09.)

2 (110 ILCS 73/30)

3 Sec. 30. Debt limit. The maximum annual debt service for a
4 State University's total outstanding certificate of
5 participation obligation must not exceed the following:

- 6 (1) For the University of Illinois, \$100,000,000.
7 (2) For Southern Illinois University, \$20,000,000.
8 (3) For Northern Illinois University, \$20,000,000.
9 (4) For Illinois State University, \$10,000,000.
10 (5) For Western Illinois University, \$10,000,000.
11 (6) For Eastern Illinois University, \$10,000,000.
12 (7) For Northeastern Illinois University, \$5,000,000.
13 (8) For Chicago State University, \$5,000,000.
14 (9) For Governors State University, \$5,000,000.

15 (Source: P.A. 96-15, eff. 6-22-09.)

16 (110 ILCS 73/90)

17 Sec. 90. Expiration of Act. This Act applies until December
18 31, 2024 ~~2014~~. However, the refunding of certificates of
19 participation issued prior to December 31, 2024 ~~2014~~ in
20 accordance with the Act is permitted.

21 (Source: P.A. 96-15, eff. 6-22-09.)

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.